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# OBSERVATIONS

RELATIVE TO THE

## PRESENT STATE OF FINANCE.



BY

WILLIAM THOMAS ROE, ESQ.

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*Pecuniam in loco negligere, maximum interdum  
Est lucrum.*

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1828.





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# OBSERVATIONS

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### CHAPTER I.

SECTION 1. *Prefatory Observations*—SECTION 2. *Outline of Financial State*—SECTION 3. *Dead Weight*—SECTION 4. *Sinking Fund*—SECTION 5. *Future Decrease of Charge*—SECTION 6. *Reduction of Three and a Half, and Four per Cent. Stocks, and Expiration of Annuities.*

#### SECT. 1. *Prefatory Observations.*

CONSIDERATIONS connected with the financial condition of the country, belong at all times, to an important subject, but especially so, at a period, when matters of this nature have been declared to require, more than ordinary attention.—The observations contained in the few following pages, have been thrown together, in

the hope that, by possibility, some useful suggestions may be collected from them. The spirit in which they are written, must be their apology.

The explicit statement of Mr. Peel, upon the occasion of the appointment of the Finance Committee, on the 15th of February, in the present year (1828), laid open the real situation of the country to universal view; and was much calculated to facilitate inquiry upon that head. At a moment, however, when, upon a recommendation from the Throne, the examination of the whole financial system, has been committed to hands, selected for their peculiar competency, it would be worse than idle, in an individual, to mingle deeply with matters, that are thus entrusted. —Nothing is herein attempted, beyond a few desultory remarks, having for their object, to draw attention to one or two prominent features in our financial condition; and to notice some apparently practicable improvements, connected with our revenue.

SECT. 2. *Outline of Financial State.*—The statement of the then Chancellor of the Exchequer, upon opening the Budget, on the 1st June, 1827, developed to the Parliament, and

to the country, that there had been a deficiency in the national resources, or rather, that their extent had not attained that point, which had been fixed upon as essential to our financial welfare; and, which had been anticipated, as the probable result of the existing arrangements. The observations of Mr. Peel before alluded to, again demonstrated that such was the fact.

It had been latterly considered, that the revenue, if in a satisfactory state, ought to yield a sufficient produce, to meet the annual demands, both on the part of the public creditor, and for the maintenance of the necessary establishments; and also, to allow of the appropriation of 5,000,000*l.* towards the liquidation of the debt.

It appears, that upon the first heads, no difficulty exists, as thus far, our means are more than adequate; but, that with respect to the latter head, our resources are not at present such, as to accomplish the appropriation of the 5,000,000*l.*

The following appears to have been the general outline of our financial condition, at the expiration of the year ending the 5th January, 1828.

The Capital of the Unredeemed Debt, amounted to 777,476,892*l*.

The Unfunded Debt, Exchequer and Irish Treasury Bills, and Deficiency Bills, amounted to 30,267,446*l*.

The annual charge in respect of the Funded and Unfunded Debt, including Life and Bank Annuities, amounted to 29,699,504*l*. to the public creditor, 278,788*l*. for management, and 5,863,368*l*. to the Sinking Fund; making a total of 35,841,660*l*. (omitting fractions).

The total Revenue, during the last five years, produced sufficient to cover every charge, except those of the Naval and Military Pensions, and of the Sinking Fund; and to leave a surplus, which, in the course of such five years, amounted to 12,000,000*l*.\*

The total ordinary Revenue of 1827, amounted to 49,581,575*l*.

The total Expenditure of the same year, including Debt and Interest, expenditure in Exchequer Bills, Civil List, Pensions, and Allowances, Army, Navy, Ordnance, and Miscellaneous Services, but excluding payments for the

\* This statement was taken from the report of Mr. Peel's speech, on the 15th February, 1828.

Sinking Fund, the Dead Weight, and advances for Public Works, amounted to 49,487,000*l*.

Leaving a surplus of 94,000*l*.

The Estimates of the Expenditure for the year 1828, being less than those of 1827, by a sum of 1,168,260*l*., a further surplus of revenue to that extent, may be anticipated; making the probable surplus of the year amount to 1,262,260*l*.

The result, which was anticipated by Mr. Peel's statement, on the 15th February, seems to be in fair progress of realization, as appears by the returns of the Revenue in the last April quarter.\*

In thus contemplating the condition of the country, it must not be forgotten, that however fresh in memory the events of Waterloo, thirteen years have elapsed since that vast achievement; subsequent to which epoch, this country has

\* The Revenue for the year, ending the 5th April, 1827, amounted to 46,181,124*l*.

The Revenue for the year, ending the 5th April, 1828, amounted to 47,182,806*l*.

The present year, therefore, taken up to that period, exhibits a surplus of 1,001,682*l*.

The surplus upon the quarter, ending the 5th April, 1828, as contrasted with the corresponding quarter of the preceding year, amounted to 538,141*l*.

already known a longer interval of repose,\* than she has enjoyed at any one period since the Revolution; with the exception of that which followed the peace of Madrid, and treaty of Cambray, in 1721; when, there may be said to have been eighteen years of peace.†

Reverting to our financial condition, it has been shewn, that there was, during the year 1827, a small surplus of income, over what may be termed the ordinary expenditure; but that the ordinary revenue, did not furnish the means of providing, either for the Sinking Fund or for the Dead Weight; except so far, as the above balance of 94,000*l.* might be thus applicable. —In the current year, provided the revenue keeps up to its present point, the surplus will be more considerable.

SECT. 3. *Dead Weight.* —The two items, which have been just mentioned, as not sufficiently provided for, constitute charges of considerable magnitude; they are, however, in some respects, peculiarly circumstanced. The Dead

\* In a financial point of view, this country may be said to have been at peace from the year 1815, notwithstanding the operations at Algiers, in India, or at Navarino.

† The proceedings in 1726, with the attack upon Gibraltar by the Spaniards, barely interrupted the peace.



Weight, although kept apart for distinct arrangement, in nothing differs, from ordinary charges, as to the necessity of its liquidation: it is, in fact, a part of the natural sequel of our long and arduous contest; and stands, at the same time, as a testimonial of the gratitude and justice of the nation. This expense is in its nature temporary, but although most cheerfully borne, it presses heavily for the time; wherefore, it was considered equitable, that its operation should be spread over a series of years, in order to lighten the immediate burthen. With this view, it was provided by the Act, 3 Geo. IV. c. 51, that, for the purpose of apportioning, (conformably to the resolutions of the House of Commons, of the 3d May, 1822,) the burthen occasioned by the military and naval pensions, and civil superannuations, an equal annuity of 2,800,000*l.*, terminable at the end of forty-five years, from the 5th April, 1822, should be vested in trustees; and should be charged upon the Consolidated Fund; and that the said trustees should, on their part, pay into the Exchequer, during such forty-five years, a certain specified sum in each year; amounting in the first year to 4,900,000*l.*, the subsequent payments gradually diminishing, until

the year 1867, wherein the concluding payment will be 300,000*l.*; and in order to enable the trustees, to obtain the means of making these payments; the Act empowered them to sell, and dispose of, any portion of the said annuity of 2,800,000*l.*

A portion of that annuity, amounting to 585,740*l.*, has been accordingly sold to the Bank of England; the consideration for the purchase of which, was, the payment of certain stipulated sums, upon appointed days, between the 15th April, 1823, and the 15th July, 1828.\* Pending the operation of this contract with the Bank, the country has only to furnish the annual sum of 2,800,000*l.* The contract, however, is now expiring; and should it not be renewed, not only the 2,800,000*l.* must be provided annually; but also, the difference between the residue of that sum, after the payment of the annuity to the Bank, and the actual charge of the Dead Weight.

* In 1823.....	£2,178,589
1824.....	2,445,740
1825.....	2,293,240
1826.....	2,165,740
1827.....	2,030,740
1828.....	1,975,370

(of which latter sum 1,027,500*l.* is payable on the 15th July, 1828.)

The amount of what might be required under this head, may be measured in some degree, by the sums, for the time to come, which were appointed under the Act, to be paid into the Exchequer.\*

Of this arrangement it may be observed, that, but for that measure, there must have been in 1822, an increase of taxation, to the extent of at least two millions, or an interruption of the Sinking Fund; it being absurd to suppose, that an equivalent diminution of expenditure, could

\* These sums are as follow :—

1828..... £ 4,110,000	1848..... £ 1,630,000
1829..... 4,000,000	1849..... 1,530,000
1830..... 3,860,000	1850..... 1,430,000
1831..... 3,720,000	1851..... 1,340,000
1832..... 3,590,000	1852..... 1,250,000
1833..... 3,450,000	1853..... 1,170,000
1834..... 3,310,000	1854..... 1,080,000
1835..... 3,180,000	1855..... 1,000,000
1836..... 3,050,000	1856..... 920,000
1837..... 2,910,000	1857..... 860,000
1838..... 2,790,000	1858..... 780,000
1839..... 2,660,000	1859..... 720,000
1840..... 2,530,000	1860..... 660,000
1841..... 2,410,000	1861..... 600,000
1842..... 2,290,000	1862..... 540,000
1843..... 2,170,000	1863..... 490,000
1844..... 2,060,000	1864..... 440,000
1845..... 1,950,000	1865..... 390,000
1846..... 1,830,000	1866..... 350,000
1847..... 1,730,000	1867..... 300,000

have been accomplished. It may be further remarked, that, at that period, a most important collateral consideration, was inseparably interwoven with all financial measures ; namely, the reduction of interest upon the five, and four per cent. Stocks, for which, a favourable opportunity was only wanting ; and that any course, tending to retard the progress of the Funds, might have prevented, or at all events, would have greatly delayed, this advantage.

SECT. 4. *Sinking Fund*.—The other item, for which there is no sufficient provision, *viz.* that of the Sinking Fund, is one in respect of which a difference of opinion exists, amongst many able and enlightened persons. It would greatly exceed the limits of these pages, to examine minutely the grounds which may be urged, on the one side or the other, as to the merits of the system ; or, the expediency of its continuance under present circumstances. It is proposed rather, to draw attention to material points, than to insist upon any doctrine as being conclusively the proper one ; although these remarks, are certainly penned under a strong impression, that a departure from the system, would be experimental and hazardous ; and more particularly so, at

this immediate crisis. It is scarcely possible to imagine, a more momentous question. It must be obvious, that an improvident step once taken, will not easily be retraced; and that if the plan be effectually disturbed, it will be vain, and fruitless, to attempt to restore it.

We may feel assured, that that which has been deliberately established, will not be hastily abandoned; and that a system, which many consider to have been successfully pursued, will not be relinquished, without great circumspection. It will be recollected, that the Sinking Fund, originated as far back as the administration of Sir Robert Walpole, and, that it was in fact, acted upon, from the year 1716 to the year 1719; it was not, however, reared into real existence and efficiency, until it was established by Mr. Pitt, in 1786. The immediate operation of the engine, has undergone some alterations, but the principle has continued the same, *viz.* that of a gradual liquidation of the public debt, by the annual application of sums, set apart for that purpose; as well as, of the interest arising from money already vested. The ordinary course has been, that of buying up stock, at the market price

of the day, by which, the liability of Government is absorbed at a cheaper rate, than that of the stipulated payment *at par*.\*

It is always to be kept in view, that however it may be designated, whether by the term *debt*, *capital*, or *annuity*,† the nature of the charge upon Government, in respect of the Funds, is that of a liability to a certain annual demand, be it at the rate of three, four, or five per cent., from which it cannot relieve itself, except, by the payment of the regular equivalent (*viz.* 100*l.* in money for 100*l.* stock), or by some tantamount arrangement; or, by placing itself in the situation of creditor, as well as debtor, by the purchase of stock in the market.

The immediate primary object of the Sinking Fund, was that of reduction of the public debt. There were, however, secondary objects,

\* By this plan the difference between the real and nominal value of stock is availed of, which at times occasions a considerable advantage to Government. Should the King of Spain think it expedient to pursue a similar course, he might free himself from much of his debt, at the rate of little more than one million for ten.

† It has been observed by Lord Grenville, that the terms of “*debt*, *capital*,” &c. are not correctly used in the way in which they are usually applied upon financial subjects. They are, however, become technical, and are therefore used as being the most intelligible from their general acceptance.

also vitally important, namely, those of giving steadiness and value to funded property, by the creation of a regular and constant demand for stock; of counteracting artificial depression of the funds; and thus defeating efforts and contrivances, which occasions to borrow on the part of Government, never fail to produce. Hence, it was thought, that the confidence of the stockholder would be increased; and that Government would be enabled to deal, upon better terms, whenever it should be compelled to resort to loans. How far, all these objects have been attained, beyond the redemption of a certain amount of the national debt, is, and must be, matter of speculative opinion; inasmuch, as it is impossible to say, what would have been the financial condition of the country, had it not been for the establishment of the Sinking Fund.

Much indeed, of what was anticipated as the probable effect of the system, has, from some cause or other, undoubtedly taken place; the finances of the country were not merely maintained during a protracted warfare, with scarcely any intermission, from the year 1793 to 1815; but the confidence of the nation,

seemed to grow with its difficulties, and public credit, to increase with the amount of its financial burthens. Means were provided for gigantic efforts ; efforts, by which, in the result of the glorious contest, this country did not simply preserve her station ; but advanced, and fixed herself upon an eminence, at the foot of which, the fates of nations await her nod.

It may be more than doubted, whether the widom of our councils, or the valour of our fleets and armies, however great, could have placed her in this position, had it not been for our financial system, and especially for the Sinking Fund.

Let it be remembered that, during the American war, the debt was as nothing, in comparison, with what it has been since ; and yet, that the difficulties of that day, were regarded as infinitely less resistible, than those, which would appear to have been of far greater magnitude, at a subsequent period. At that time, the financial measures, were proverbially improvident ; the inordinate depression of the funds, which invariably foreran a treaty for raising money, the rapid reaction which followed it, loudly proclaimed the sacrifice which was exacted of



Government, in every instance. In fact, supplies were only to be obtained upon such terms, as might be expected when public credit was at the lowest ebb. On the other hand, let it be seen what was the state of public credit during the French war, when the Sinking Fund had come into full operation. It is true, that there had been a great accession of wealth to the country, in the interval of peace; and it is possible, that other causes may have been instrumental; but it is not unreasonable, to believe, that what did actually take place, was attributable to the source, from whence it was expected, namely, to the Sinking Fund.

The state of the funds may be regarded as the barometer of public credit. Let this be looked to, with reference to the period last alluded to.

The prices of the three per cent. Consolidated Annuities, at the time of the opening, after the January dividend in each year, were as follow:—

In the year 1793.....	76*	In the year 1797.....	54
1794.....	68	1798.....	47
1795.....	61	1799.....	53
1796.....	68	1800.....	60

\* Fractions are omitted throughout.

In the year 1801.....	57	In the year 1809.....	65
1802.....	67	1810.....	68
1803.....	70	1811.....	66
1804.....	55	1812.....	62
1805.....	60	1813.....	59
1806.....	59	1814.....	66
1807.....	57	1815.....	65
1808.....	63		

If this be a good criterion, the foregoing statement evinces, that notwithstanding the vast amount of debt, and the increased and increasing demands upon the public purse; the national credit maintained its ground, to a greater degree than the most sanguine foresight could have predicted; but how far this would have been the case, under any other system, cannot be decided. The presumption, indeed, which arises from the contrast of affairs, during the American and French wars, affords an inference, in favour of the course which was adopted, which it would be difficult to refute.

It has been frequently said, that the best test whereby to judge of questions of national finance, is to liken the case of Government to the case of individuals. Let it be supposed that an individual, possessed of large estates, but having been subjected to an expenditure beyond his annual means, has incurred a considerable debt;

that his resources are sufficient for his immediate purposes, and to pay the interest of that debt; but that in the event of any occurrence, involving him in more than his ordinary expense, (and to which, from the nature of his property, he would be ever liable,) he would be in no condition to meet the exigency without increasing his debt. Let it also be further supposed, that the property of such individual is improving, and that any diffusion of means into channels connected with that property, would accelerate such improvement, and that thus, the tide of advantage would be turned back to himself.—In the management of his affairs, what would be the prudent course for such an individual? Would it be better, that he should endeavour to discharge some of his debt, by setting apart a portion of his income for that purpose? or would it be better, that he should diffuse the whole of his annual income, into channels likely to produce a general improvement in his property; leaving it to time, and chance, to enable him to provide for exigencies, as they might arise? In the case of such an individual, unless it could be shewn to demonstration, that the improvement of his property must necessarily be to such an extent,

and of such immediate operation, as to create a return, greatly exceeding in advantage the jeopardy, which belongs to a situation of debts and incumbrances, it would be a departure from every rule of prudence, not to make some effort to reduce his outstanding demands. He should look to the possibility of future difficulties; nor could he expect, that it would then, be a matter of no moment, whether his estate should be already, more or less encumbered. Such would be the natural reasoning, in the case of an individual; and in the case of a state, the consistency with that reasoning, would decidedly adhere to the Sinking Fund, even without any reference, to collateral considerations.

An opinion, however, has been put forth, (and this an opinion, which, on account of the distinguished quarter from whence it emanates,\* cannot but command respect and attention,) that the whole system of the Sinking Fund, is founded in mistake and fallacy; and that even in the case of an actual surplus of revenue, it would be better to relinquish that system, and to remit taxation, to the extent of such surplus. It is not proposed to go further into this ques-

\* Lord Grenville on the Sinking Fund.

tion, than to observe, that this country is in no condition, to justify such experiment; and that a course, now, so decidedly new, ought only to be taken under the fullest conviction, that greater advantage, must result from the diffusion of wealth, than any which could be reaped, directly, or indirectly, from proceeding in the liquidation of the debt. To speak of the absolute liquidation of the debt, would be absurd. Nor, if such a measure could be accomplished, would it be desirable. But as there must be some point, whereat, the *ne plus ultra* of credit, would be reached, it would require very strong arguments, to prove that a discontinuance of all efforts, to reduce the amount of existing liabilities, would be consonant to sound policy. Admitting the reflux of resources, as the necessary consequence of the diffusion of wealth, the quantum of taxes, which under any circumstances, could now, be remitted, must bear a very small proportion to the existing burthens. If the whole 5,000,000*l.*, proposed to be applied to the Sinking Fund, should be remitted in taxation, can it be supposed, that such a reaction, would be produced, in favour of the revenue, as to render the ordinary resources suffi-

cient in the event of future war, and to supersede the necessity, of adding to the debt?

Without pursuing the general question, as to the continuance of the Sinking Fund, under a facility of providing the means; the more immediate question is, as to the expediency of the system, under the present circumstances.

It has been noticed, that according to the standing arrangements, 5,000,000*l.* should be appropriated annually; but that during the five years, ending the 5th January, 1828, the total sum, which has in fact been available for the reduction of the public debt, has amounted to 12,000,000*l.* and no more. Nor is it to be expected, that as the Dead Weight is also unprovided for, the surplus of income will, for some few years at least, furnish the desired sum of 5,000,000*l.* Under this state of things it has been urged, that to continue the Sinking Fund, except, from any actual *bonâ fide* surplus of income, is nugatory and fallacious.

As an abstract proposition, it is evident, that to borrow with one hand, in order to pay with the other, is advancing nothing towards the end of liquidation.

This, however, is an abstract proposition only, and cannot be taken without qualification. The first inquiry would necessarily be, whether the terms, on either side of the transaction, would be the same; and if not, on which side the advantage would be? The obvious mode of borrowing for the purpose in question, is by means of Exchequer Bills. It has frequently occurred, and is now the case, that the interest payable upon Exchequer Bills is less than that, which is yielded by the three per cent. Stocks; and *a fortiori*, in a still greater degree, inferior to that given by other Stocks. At the present time Exchequer Bills produce an interest of 2*d.* per day for 100*l.*, being equal to an annual interest of 3*l.* 0*s.* 10*d.* So far, therefore, loss is not the result of thus raising money, and purchasing stock therewith, either in the three or four per cent. Stocks. Added to which, Exchequer Bills have, during the last year, for the most part, borne a premium of fifty shillings or upwards; wherefore, Government has borrowed at a much easier rate, than it has vested. Hence, unless there be some solid objection to the principle, of the Sinking Fund, there is no sufficient reason to abandon it, upon the ground of its

being occasionally necessary to borrow for the purpose of its support.

Possibly, however, although the plan of borrowing for an occasion, may be admissible, it may be questioned, how far it ought to be allowed, as a continued practice; and therefore, how far it would be proper to maintain the Sinking Fund, unless a fair prospect of providing sufficient, ordinary means, for its supply can be shewn.

As however, it will presently be demonstrated, that a considerable decrease of expenditure must *necessarily* occur; and that a further diminution of charge, may reasonably be looked to, (considerations which it is impossible to disconnect from the question of the Sinking Fund), under that view, it may be advisable to persevere, at all events, for the present. The reconsideration of the subject will be always open, and it will be better dealt with, at a future day, when it shall have been ascertained, to what extent the prospects of improvement shall have been realized; and when, there may be less incidental hazard in experiment.

SECT. 5. *Future Decrease of Charge*.—Neither the question as to the Sinking Fund, nor the



general subject of the finances, can be fairly viewed, without looking prospectively to the probable state of our resources hereafter, as well as to any peculiar circumstances belonging to the present crisis. Without entering deeply into the detail of particulars, the complexion of the financial horizon, may be judged of, and a sufficient opinion may be formed, as to the general promise of our condition. A very slight insight into the real state of affairs, will convince, of the certainty of a great amelioration, and that there is an inherent, self-operating relief, which needs only, to be left to itself, to work improvement, to a considerable extent. To be satisfied of this, it is only necessary, to refer to certain items of expenditure, detailed in the Finance Statement, for the year ending the 5th January, 1828. The items more particularly alluded to, relate to superannuations,\* pensions, and allow-

	£	s.	d.
* For superannuations, pensions, and allowances to naval officers, their widows and relatives, for the year 1827.....	132,006	1	0
To defray the charge of the allowances to widows and orphans on the Compassionate List, for the year 1827.....	8,000	0	0
To make good the deficiency in the funds of the charity for the relief of the widows of			
Carry forward.....	140,006	1	0

ances, naval, military, and civil, in the departments, or to persons connected with the navy,

---

	£	s.	d.
Brought forward . . . . .	140,006	1	0
commissioned and warrant officers of the Royal Navy, for the year 1827 . . . . .	105,000	0	0
To make good the deficiency in the funds for defraying the charge of out-pensioners of Greenwich Hospital, for the year 1827 . . . . .	250,000	0	0
To defray the charge of superannuations to commissioners, secretaries, clerks, &c. and of allowances in lieu of half-pay to naval officers formerly employed in the naval departments, for the year 1827 . . . . .	159,853	7	2
For the charge of the office of Ordnance in Great Britain and Ireland, on account of the allowances to superannuated, retired, and half-pay officers; to superannuated and disabled men and pensioners; also for pensions to widows and children of deceased officers late belonging to the several ordnance military corps, for the year 1827 . . . . .	313,069	0	0
For the charge of allowances, compensations, and emoluments, in the nature of superannuated or retired allowances, to persons late belonging to the office of Ordnance in Great Britain and Ireland, in respect of their having held any public offices, or employments of a civil nature, and also for the charge of widows' pensions, for the year 1827 . . . . .	45,364	0	0
For defraying the charge of half-pay and reduced allowances to officers of disbanded foreign corps, of pensions to wounded foreign officers, and of allowances to the widows and			
Carry forward . . . . .	1,013,292	8	2

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the ordnance, and the army. It will be found, that there are charges of this description amounting annually to not less than 2,813,436*l.* Such charges must be regarded for the most part as temporary. In the common course of events, they must diminish, from day to day; and by far the greater proportion, will eventually die away altogether. And it may be noticed, that the annuity of 585,740*l.* which is paid to the Bank, with reference to the naval and mili-

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	£	s.	d.
Brought forward . . . . .	1,013,292	8	2
children of deceased foreign officers, for the year 1827 . . . . .	104,100	0	0
For defraying the charge of the out-pensioners of Chelsea Hospital, for the year 1827 . . . . .	1,312,917	10	11
For defraying the charge of pensions to be paid to the widows of the officers of the land forces, for the year 1827 . . . . .	135,868	16	8
For defraying the charge of allowances to the Compassionate List of Allowances, as of His Majesty's Royal Bounty, and of pensions to officers for wounds, for the year 1827 . . . . .	193,063	13	9
For defraying the charge of allowances, compensations, and emoluments, in the nature of superannuations, or retired allowances to persons formerly belonging to the several public departments in the United Kingdom of Great Britain and Ireland, for the year 1827 . .	54,193	12	2
	<u>£ 2,813,436</u>	<u>1</u>	<u>8</u>

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tary pensions, is of limited duration,\* although it has many years to run. The great weight of these expenses will naturally subside. Nor will they be renewed to any serious amount, except in the event, of a war; and of such war, being upon a very extended scale.

Exclusive of the above prominent items, in respect of which, there will be a gradual diminution of charge, there are many others, (as may be seen in the details of the financial statements annually laid before Parliament) which from their nature cannot be permanent; but, as in the vast concerns of this mighty empire, unforeseen contingencies, must perpetually arise, and as some charges become unnecessary, others will assuredly grow up, it is needless to dwell except upon those, the bulk of which, when once surmounted, may not be expected to revive, to any important extent.

SECT. 6. *Reduction of Three and a Half, and Four per Cent. Stocks, and Expiration of Annuities.*—The present crisis, has been noticed as peculiar. This allusion, in addition to what has been just observed, has reference to the expiration of the time, during which the interest

\* The annuity will cease at the expiration of forty-four years from the passing of the Act, 4 Geo. IV. c. 22.

of the three and a half, and four per cent. Stocks are guaranteed from reduction. This period is fast approaching.—After which, the first proper occasions, may be availed of, to secure the important advantage. The extent of these reductions, as well as the periods when they may be looked for, may be collected from the following statement:—

Of the Annuities at  $3\frac{1}{2}$  per cent., the capital unredeemed, amounts to 14,289,011*l.* 13*s.* 9*d.* A reduction of half per cent. upon the interest of which, would produce an annual saving of 71,445*l.*

Of the Reduced Annuities at  $3\frac{1}{2}$  per cent. (substituted by the Act, 5 Geo. IV. c. 11, for the Four per Cents.) the capital unredeemed amounts to 67,519,239*l.* 2*s.* 3*d.*

This stock by the above Act (§ 2) is made redeemable, at any time after the 10th October, 1829. A reduction\* of half per cent. upon the interest of which, would produce an annual saving of 337,596*l.*

Of the new 4 per cent. Annuities (substituted

\* Upon the reduction of the English and Irish 4 per Cents., holders of Stock were left as they stood as to the amount of stock, but were entitled to the two first dividends, at the former rate of 4*l.* per cent. The Act passed 23d March, 1824.

by the Act, 3 Geo. IV. c. 9, for the Navy 5 per cents.\*) the capital unredeemed, amounts to 145,559,812*l.* 9*s.* 1*d.*

This stock by the above Act (§ 1) is made redeemable, at any time after the 5th January, 1829. A reduction of half per cent. upon the interest of which, would produce an annual saving of 777,799*l.*—And a like further reduction of half per cent., *viz.* from  $3\frac{1}{2}$  to 3 per cent., at a future day would produce a further annual saving of 777,799*l.*

Of the 4 per cent. Annuities, created 1826, the capital unredeemed, amounts to 8,560,000*l.* A reduction of half per cent. upon the interest of which, would produce an annual saving of 42,800*l.*—And a like further reduction from  $3\frac{1}{2}$  to 3 per cent., would produce a further annual saving of 42,800*l.*

And in Ireland, of the  $3\frac{1}{2}$  per cent. Debentures and Stock, the capital unredeemed amounts to 13,494,631*l.* 8*s.* 4*d.* A reduction of half per cent. upon the interest of which, would produce an annual saving of 67,473*l.*

\* The terms of reduction were, that every holder of 100*l.* stock should be entitled to the first then accruing dividend at 5*l.* per cent., and to 105*l.* Stock, bearing interest thereafter at 4 per cent. The Act passed 15th March, 1822.

Also in Ireland, of the Reduced  $3\frac{1}{2}$  per Cents. (substituted by the Act of the 5 Geo. IV. c. 24, for the Irish 4 per Cents. and Government Debentures,)\* the capital unredeemed, amounts to 1,591,068*l.* 9*s.* 8*d.*

This stock by the above Act (§ 2) is made redeemable, at any time after the 5th January, 1830. A reduction of half per cent. upon the interest of which, would produce an annual saving of 7,855*l.*

Also in Ireland, of the new 4 per Cents. (substituted by the Act of the 3 Geo. IV. c. 17, for the Irish 5 per Cents. and Government Debentures,) the capital unredeemed, amounts to 10,446,454*l.* 18*s.* 3*d.* This stock by the above Act (§ 1) is made redeemable, at any time after the 5th April, 1829. A reduction of half per cent. upon the interest of which, would produce an annual saving of 52,232*l.*—And a like further reduction from  $3\frac{1}{2}$  to 3 per cent. would produce a further annual saving of 52,232*l.*

\* The terms of reduction were similar to those with respect to the English 4 per Cents.

The terms upon which the reduction took place were, that holders of stock not dissenting, became entitled to 105*l.* 4 per cent. Stock, in lieu of 100*l.* 5 per cent. Stock, and to the two first dividends at the former rate of 5 per cent. The Act passed on the 3d April, 1822.

The diminution of charge in respect of the first reductions of interest, upon the  $3\frac{1}{2}$  and 4 per cent. Stocks, would amount annually to 1,357,200*l.* And the further diminution, by a second reduction of those to be previously reduced to  $3\frac{1}{2}$  per cent, would amount to 872,831*l.*

A further relief to the public charge, will eventually be occasioned by the falling in, of life annuities, the amount of which is,

Payable at the English Exchequer,	25,203 <i>l.</i> 19 <i>s.</i> 2½ <i>d.</i>
Payable at the Irish Exchequer . . . .	35,476 <i>l.</i> 18 <i>s.</i> 7 <i>d.</i>
	<hr/>
	60,680 <i>l.</i> 17 <i>s.</i> 9½ <i>d.</i>

And, at the distant period of the year 1860, the Long Annuities expire, the amount of which is, 1,331,458*l.* 14*s.*

Upon a review of these statements, the items of expenditure, which will gradually cease, amount to . . . . . £ 2,813,436

The first reductions of interest, at different early periods, will amount to . . . . . 1,357,200

The further reductions of interest will amount to 872,831

The annuities payable to the public creditor, depending upon lives, amount to . . . . . 60,680

The annuities which expire 1860, amount to 1,331,458

The annuity to the Bank for 44 years, from the passing of the 4 Geo. IV. c. 22, amounts to . . . . . 585,740

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£ 7,021,345

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Thus the amount of annual charges, which may be expected to subside, exceeds *seven millions*. The whole of this diminution, ought not, perhaps, to be reasoned to; but unless the circumstances pointed out, should be neutralized by any unforeseen events, these advantages may be greatly, calculated upon. Part of the improvement, is in actual progress, and will be sensibly felt, within a very few years. Although the remainder, must be looked for at more remote periods, it is satisfactory to contemplate it.

## CHAPTER II.

SECTION 1. *Proposal of commuting Three per Cent. Stock for Stock bearing a larger Interest*—SECTION 2. *Advantages of thus commuting Stock.*

SECT. 1. *Proposal of commuting Three per Cent. Stock.*—The consideration of some of the foregoing subjects, has given rise to the idea of a measure, which might be attended with advantages; whether in co-operation with the Sinking Fund, or in partial substitution for it, during a short period, whilst the plan about to be proposed, should be in progress.

It is unnecessary to premise, that whatever opinions may have heretofore prevailed, the observance of implicit faith with the public creditor, is now considered as indispensable; nor would any proposition, upon any other basis, be

entitled to the smallest attention. All Government stocks are payable at *par*, viz. at the rate of 100*l.* in money for 100*l.* stock; and upon these terms alone, could any compulsory liquidation be effected.

The debt therefore is redeemable only at the full nominal amount, that is, by the payment of as many millions in money, as the capital in stock, consists of. It has been before said, that no idea, so absurd, is contemplated, as that, of general liquidation; it is, nevertheless, difficult entirely to put aside the notion, but that there may; or rather, that there must, come a day, when the pre-existing amount of the debt, may be an important consideration. Hence, if any stride, could be made in its reduction; or, in other words, if the total amount of the liability, could be lessened; it would be a material point gained.—With this view, it is suggested, that a portion of capital, bearing a smaller interest, might be converted into capital bearing a larger interest; the proportions of stock, being regulated, so as to leave the same annual sum, payable to the stockholder. Thus 100*l. three per cent.* stock, would be converted into 60*l. five per cent.* stock, and either, would equally give 3*l. per annum.* But

in the event of liquidation, or any tantamount arrangement, 60*l.* only would be requisite in respect of the latter stock; whereas 100*l.* would have been requisite, in respect of the former. In order to carry this into effect, a new stock, bearing interest at *five per cent.*\* might be created to a certain extent; suppose, 60,000,000*l.* or 30,000,000*l.*; which should be assigned to such holders of *three per cent.* stock as would consent to the exchange. The result of this, would be, a substitution of a debt of 60,000,000*l.* or of 30,000,000*l.*, for a debt of 100,000,000*l.* or of 50,000,000*l.*, the interest in either case, remaining the same. No such arrangement could take place, but with the acquiescence of the stockholder: It would therefore be necessary, to hold out terms, to which he would be likely to accede.

The first condition of inducement might be, that, there should be no reduction of interest, upon the new stock, until after the expiration of a certain period, such as, ten years, or any given time, that might be fixed upon.

And as a further inducement to the stock-

\* The same principle would hold *pro ratâ*, in the event of its being thought better to fix the interest at *four and a half*, or any other rate which might be thought expedient.

holder, a collateral addition might be made to his annual interest, in the shape of a short annuity, of eight or ten years duration. This annuity, might be established as a separate, and independent stock, a portion whereof, would be allotted, to each commuting stockholder.

The plan might be carried into effect, either by declaring certain stipulated conditions, to which, stockholders might have the option, of consenting, and thereupon commuting their stock; *or*, by announcing the intended commutation at the rate of 100*l.* *three per cent.* stock for 60*l.* *five per cent.* stock; and making the contract, a subject of competition, so as to reduce the quantum of collateral annuity, to the lowest point, and thereby, to obtain the most advantageous terms.

Moreover, the arrangement might be spread over two, three, or four years, by dividing the consenting stockholders into classes, and transferring the old stock, into the new, by instalments, and thus, the effect would be rendered gradual.

#### SECT. 2. *Advantages of thus commuting Stock.*

—The advantages proposed, as likely to accrue, from the adoption of this measure, are manifold. The immediate annihilation of 40,000,000*l.* or 20,000,000*l.* of capital debt would be secured.

This, upon terms of equivalent reciprocity, would be at worst, but a negative measure; but under the proposed idea; whether, the terms should be laid down definitively in the first instance; or whether, proposals should be invited; there would be an equal security, against any other, than a satisfactory arrangement; inasmuch as, Government would bind itself, to none other. It is anticipated, that a subtraction of a portion of capital debt, would have a tendency to support financial credit; and by a diminution of the total amount of the *three per cent.* stock, would keep up the price of that fund; an effect, which would expand itself, to all the other stocks. This is a result, highly important, as connected with any plan, of reduction of interest.

A further advantage to be calculated upon, would be, that the proposed stock would itself, eventually, be liable to a reduction of interest; and as it would be of a moderate extent, this advantage might be reckoned upon with certainty; which could not be the case, with respect to the *three per cent.* stocks, as the vast amount of the capital of those stocks must, under any circumstances, preclude such an attempt.

Another obvious, and important advantage,

would arise from the diffusion of wealth, in consequence of the annuity, to be given to the stockholder, as an inducement to consent. It is always to be kept in view, that Government stands in a twofold capacity; that whilst it pays, with the one hand, it receives, with the other; and that a large proportion of the resources, which emanate from the public coffers, in the shape of dividend to-day, revert into the same channel, in the shape of revenue, to-morrow. —Wherefore, any progress towards the liquidation of capital debt, through the medium, of an increase of annual interest, if regulated by the standard of fair reciprocity, as to the terms, would be beneficial to both parties; and could not but be, a measure of the soundest policy. In this light, the proposed plan would accord with a doctrine, which is so forcibly insisted upon, by the great and enlightened statesman, who has recently published upon the subject of the Sinking Fund.

It is evident, that the larger the income of the country, the more productive the revenue will be. The revenue keeps pace with expenditure; and the greater the means of expenditure, the more ample, must be the harvest of taxation.

In fact, there can be no diffusion of wealth, in the benefit arising from which, Government must not largely and speedily participate, (probably in a *ratio* of 50 per cent. at the very least.)

Thus the proposed measure, would ensure an absolute diminution of capital debt; it would lay the ground-work of a future reduction of interest; and this would be effected only at a sacrifice, of the extent of which, Government would make itself the arbiter; and of which very sacrifice, a considerable proportion must necessarily enure to its own advantage.

With respect to the temporary increase of charge, to be occasioned by the payment of the projected annuity; it would seem, that the ends of the proposed measure, being analogous to those contemplated by the Sinking Fund; it would be a legitimate appropriation, of the means of that fund, to employ as much of them, as might be requisite, for this purpose.

It may possibly be observed, that a *five per cent.* stock has been, not long ago, done away; and that therefore, there might appear to be some inconsistency, in creating another. The answer is, that the former stock, has duly performed its office, and, that if any argument were want-



ing, in favour of such a stock, that argument would be found, in the facility, with which, the reduction of the former was effected.

It may also be questioned, whether there would be a probability, that a sufficient proportion of *three per cent.* stockholders would be found to consent. Be this as it may, nothing would be lost by the attempt.

Daily observation, however, points out the anxiety which prevails for present, rather than prospective advantage; and the desire, which obtains, to procure a large interest for money, even at the risk of future loss. The eager adoption of the various speculations, which prevailed in the years 1824, and 1825, leaves little doubt, that the opportunity in question, would be readily hailed. And, indeed, under the infinite variety of circumstance, which belongs to the situations of different stockholders, there must be many, whom it would suit, to ensure an immediate increase of interest; although, subject to future diminution.

Many would reason to the possibility, that circumstances may not admit of the future reduction of interest; or at least, that it might be protracted, beyond the appointed time.

Many again, would avail themselves of the momentary advantage, in the expectation that favourable opportunities would not be wanting, during the interval before the future reduction, to transfer their capital into other funds; it being well known, that the different stocks, do not always, in the first instance, retain their relative proportions, however they ultimately find their level. By which course, a higher interest might be enjoyed for a time, and its future diminution might possibly be evaded.

## CHAPTER III.

SECTION 1. *Observations as to Taxation, and as to certain Duties—Duty on Coals—Duties on Soap, on Glass, and Spirits, in Ireland—*  
 SECTION 2. *Observations as to Duties on Receipt Stamps—*SECTION 3. *Observations as to Exemptions from Receipt Stamps—*SECTION 4. *Observations as to the Legacy Duty.*

SECT. 1. *Observations as to Taxation.*—It has been seen, that the expected diminution of charge, is such, as to hold out a very satisfactory future prospect. It is to be observed, at the same time, that the benefit is gradual, although in actual progress. Wherefore, as well as upon every account, it would be most desirable, that all possible improvement should be accomplished in the revenue, in the interval; more particularly, if expedients can be devised, which do not bring with them, any material additional

pressure of taxation.—In the selection and management of taxation, there are many important considerations, some of which, are not confined to the question of productiveness. A tax should not only be likely to be productive, but should be easy of collection, and difficult to evade; it should attach, where there is ability to bear it; and should, as far as possible, be free from effects collaterally injurious, or inconsistent with national policy.

In fact, the real excellence of taxation is, *to obtain the largest possible revenue, with the least possible injurious tendency.*

There are periods, when scarcely any argument, other than that of productiveness, is admissible; or, at all events, must be regarded as very secondary. But at a period like the present, when it is not necessary, to strain the energies of the country, to the utmost, a season is afforded, for examining the wisdom, and policy, of the existing taxation; and for ascertaining, how far, each impost is adapted to its purpose; and, whether any, are liable to serious objection. If certain branches of the revenue, could be rendered more productive, relief might be given *pro tanto*, in respect of others.

It would be highly desirable to confirm, and perfect such part of the system, as is founded in good economy, and sound policy, and to resort to substitution, or modification, where such is not the case.

The duties of customs, and excise, depend upon so many points of national policy, foreign and domestic, and are known to be so peculiarly an object of the attention of Government; that the limited view, which could be taken of matters connected with these subjects, by any individual, would be of little worth, and of little weight. It is merely proposed, to make one or two comparatively minor observations, with reference to these heads; and to touch upon some others, rather more fully.

*Duty on Coals.*—The circumstances of the duty upon coals, seem to call for attention. Although merely, what is termed a coast duty, it is nevertheless, of no small importance, with regard to its amount; having produced in Great Britain only, in the year ending the 5th January, 1828, the net sum of 783,034*l.* 8*s.* 6*d.*, and in Ireland the net sum of 55,474*l.* 4*s.* 10½*d.* It has been not unfrequently alleged, that this tax presses with undue severity, upon the

lower classes, of the community; and petitions for relief, have been presented to the houses of parliament, under that view. This opinion is, however, far from universal; and there are very many, who consider this, to be one of the taxes least sensibly felt, in proportion to the amount of its produce. It is to be recollected, that a clamour upon the subject of taxation is easily raised, and still more so, when aided by the tone of humanity. It is also, further to be recollected, that if the duty were lowered, or even altogether removed; it would be far, from a necessary consequence, that there would be an equivalent reduction, in the price of coals, to the consumer.

Assuming the expediency of continuing the tax, it would be desirable, that it should be collected in the best manner. The following idea is thrown out, as a means of improvement. The alteration would be considerable, but it does not seem to carry with it, any essential objection.

It has been frequently suggested, that the most effectual mode of collecting this duty, would be to exact it, at the pit's mouth. Many are the reasons in favour of that plan, but pos-

sibly there has been a reluctance to introduce, merely for revenue purposes, an alteration so materially affecting property in the immediate vicinity of coal-pits; such property having taken its value, with reference to a consumption of coals, free of duty; which, if the plan last alluded to, were adopted, could not any longer be the case.

The present course, with respect to levying the duty is, that upon a shipment of coals for the purpose of being carried coastwise, a certificate of quantity is required, under the Act, 6 Geo. IV. c. 107, § 120, from the fitter, the coal owner, or his agent; but there is no revenue admeasurement, until the arrival at the port or place, of discharge. Upon such arrival, the metage takes place, and the duty is levied upon the quantity thus ascertained. The metage, is not conducted upon one uniform system, at all places of discharge. In some instances, the admeasurement between buyer and seller, is availed of.\* In other instances, established revenue meters are employed; and again, in others, the persons to whom this trust is con-

\* Corporation meters are recognized under the authority of the Act, 6 Geo. IV. c. 107, § 91.

fided, are in no way belonging to the revenue, and are only resorted to, for the occasion.

For the most part, those who conduct this service can scarcely be regarded as officers, of whom, a perfect allegiance to the revenue might be expected. The places of discharge, are not unfrequently, at a distance from regular revenue establishments; and are, therefore, the less under the superintendence of superior officers; under all which circumstances, it should seem, that the present mode of collecting this duty cannot be regarded as altogether satisfactory.

It is to be observed, that upon an exportation of merchandize to foreign parts, the duty outwards is taken at the port of lading; a course which is perfectly simple and practicable.—The plan proposed is, that the duty upon coals should be collected in like manner, at the port of *lading*, and not at the place of *discharge*. The advantages proposed by this alteration are those of uniformity of practice, economy, and dispatch. The concentration of this branch of business, would tend to produce these ends, as well as perfection of system. It is obvious, that the metage of a cargo of coals, could be more expeditiously conducted, upon the shipment,



than upon the discharge. In the shipment, the admeasurement might be by tons (whether by weight or measure), or chaldrons; or, even, by many tons, or many chaldrons; and therefore would be comparatively rapid. Whereas, in the discharge, smaller measures must necessarily be used, and the time required for unloading, must be proportionably longer. The ports, from whence coals, are usually shipped coastwise, are not numerous, *viz.*—*Newcastle, Sunderland, Liverpool, Bristol, Bridgewater, Gloucester, Chepstow, Cardiff, Newport, Swansea, Lanelly, Cardigan, Aberystwith, Whitehaven, Lancaster, Preston, Beaumaris, Milford, and Stockton.* And of these, the principal trade is confined to few. Hence, the introduction of the proposed alteration could be easily effected; the persons employed in the metage,\* would be regular revenue officers, limited in number, and subjected to proper supervision. In the event of this change, a constant attendance, on the part of the revenue, at the place of discharge, would become unnecessary; nor would it be requisite that the

\* The expense of coal metage amounted, in the year ending the 5th Janury, 1828, in Great Britain, to 13,671*l.* 11*s.* 4*½d.*, and in Ireland, to 1079*l.* 17*s.* 10*d.*

time and attention of revenue officers should be directed to coal vessels, when once laden; beyond that general cognizance, which is taken of all vessels in the coasting trade, to prevent their being employed in fraudulent practices.

Upon the whole, a considerable saving of time, and attention, would be occasioned to the revenue by this alteration, as well as an increase, of dispatch, and convenience, to the trade. It is possible that an objection might be made by the latter, that it would be necessary to advance the duty, at the time of shipment; whereas at present, the means of making such payment, is often derived from the sale of the article, when discharging.—Should this be an obstacle, possibly it might be allowed, that on the shipment, a deposit of coals to double the amount of the duty, should be made, under certain regulations; and a limited time given, for payment of the duty.—Another consideration to which, it may be proper to advert, is, that the duty is now considered to attach, where there is a removal of coals, from one port, to another, however short the distance of removal; but if the removal be within the same port, no duty attaches; although for the purpose of such re-

removal the coals may be conveyed by sea ; nor is there any reference to distance, upon that head. It should seem, that a better line of distinction, would be, whether the coals be, or be not put on ship-board.\* It is inconsistent, that because in the one case, the *termini* are within the same port, the removal should be duty free ; and that in the other, a removal, perhaps less considerable, should be dutiable ; from the want of that circumstance.

*Duties on Soap and Glass in Ireland.*—With respect to the excise, a material increase of revenue may be looked to, whenever, and in proportion as, the difference of duties, between Great Britain and Ireland, shall cease or diminish.—These distinctions, in a revenue point of view, afford, with regard to some articles, both invitation, and facility, for fraud ; against which, under the increasing intercourse, there can be no sufficient check. An habitual interposition of revenue officers, would be inconsistent, with the close, and domestic relation, in which it is desirable, that the two parts of the United

\* The words of the schedule, in the Act 6 Geo. IV. c. 3, in respect of the duty upon coals, are “ coals brought coastwise from any port or place in the United Kingdom, into any port in in England,” &c.

Kingdom, should continue to stand, towards each other; and would be productive of much delay, and inconvenience. The articles more particularly alluded to, as dangerous, are those of soap and glass.

*Duty on Spirits in Ireland.*—With regard to the article, of spirits, whenever the practice of illicit distillation shall have been sufficiently extinguished in Ireland; and all other circumstances will admit of it, an increase of duty would be highly desirable,—great benefit would be obtained, not only as regards the revenue; but with reference to the demoralizing effects, produced by the present cheapness of spirits, in Ireland.\*

SECT. 2. *Observations as to Duties on Receipt Stamps.*—Occasions have been recently taken, to raise objections to the duty on receipt stamps, although no good ground has been shewn, for its abandonment. It is not to be expected, that any species of taxation, will be entirely approved of. This tax, however, may be said to have as few imperfections, as any one, that is in force. It is collected at a small expense. It presses lightly

\* The article of plate is not of any very great importance; there is, however, a difference of duty, in favour of Ireland; and all such differences are incentives to fraud.

in amount. The *mollia tempora* are chosen for its application, being incurred at a moment, when there is least disinclination to contribute. It is conducive to regularity, in money transactions, between man and man; and therefore has a good moral tendency. Moreover, by giving solemnity, and circumstance, to payments, they are better recorded; and hence, one of its effects is, to prevent litigation. Lord Chief Justice *Kenyon*, always spoke of the statute of limitations, (which restricts the time for bringing actions) as an act “for quieting men’s minds.” Nor would he suffer, a defence, founded upon that statute, to be commented upon, as dishonest. The provision of the law, which requires a stamped receipt, may be somewhat similarly characterized. If this view of the subject be correct, it is worth consideration, whether it might not be advisable, rather to extend the operation, and to enforce, and invite a more general use, of these instruments; by attaching some further advantage, to them. Might it not be well to make some such enactment, as the following? *viz.*—

“That wherever there shall arise in any suit  
 “of law or equity, a question as to the payment  
 “of any sum of money, and proof of such pay-

“ment shall be established by a *stamped receipt*,  
 “the party disputing such payment, shall be  
 “liable to *double costs*.”

Such a regulation would encourage and promote the use of receipt stamps, and whilst it should thus improve the revenue, it would be indirectly instrumental, in repressing dishonest law-suits.

With respect to the scale of the duty,\* it is observable, that the gradations are very unequal, and that stamps in respect of larger payments, are lower in proportion, than those in respect of smaller. The reasons given for which, are, that the duty, principally depends, upon small payments; and that to augment the rate, with respect to the larger, would increase evasion; and the intent, would be frustrated.

It should be remembered, however, that the importance of evidence, in proof of payments,

\* See the table in the 55 Geo. III. c. 184, regulating the duty as follows:—

£		£	s.	d.	£		£	s.	d.
2	and not	5	..	0 2	100	and not	200	..	2 6
5	.. ..	10	..	0 3	200	.. ..	300	..	4 0
10	.. ..	20	..	0 6	300	.. ..	500	..	5 0
20	.. ..	50	..	1 0	500	.. ..	1000	..	7 6
50	.. ..	100	..	1 6	1000	and upwards	..	10	0

In full of all demands..... 10s.

must keep pace with their magnitude ; and that the greater the transaction, the greater the inducement to be regular ; wherefore, it is probable, that the duty in respect of higher payments, might be increased with advantage to the revenue. At all events, consistency would be thereby better preserved.

In the application of this duty, there are some *exceptions*, the propriety of the continuance of which, may be matter for consideration. Their removal, would materially benefit the revenue, and would greatly assist in furnishing the means of relief, in another branch of taxation, which, will presently be spoken of, as being open to objections, from which the one in question would be free.

SECT. 3. *Observations as to Exemptions from Receipt Stamps.*—Amongst the exemptions from the stamp duties on receipts, in the schedule to the Act, 55 Geo. III. c. 184, are found those of “ receipts or discharges given for the consideration money, for the purchase of any share in any of the Government or parliamentary stocks or funds, or in the stocks and funds of the Governor and Company of the Bank of England, or of the East India Company, or

South Sea Company, and for any dividend paid on any share of the said stocks or funds respectively.”—Were it not for this exception, these instruments, as being receipts for money, would be subject to the general rule, requiring stamps. With respect to stamps *upon receipts for money, paid for purchase of stock*, it may be remarked, that the transaction of purchasing into the funds, arises, either in consequence of some fortuitous acquisition of means ; or, it is a consummation of industrious effort ; or, it is a transfer of vestment ; or, perhaps, it is a movement of mere speculation, with a view to the improvement of property. In neither of which cases, could the small charge of a stamp, form any material consideration, as affecting the purchase. It would not amount to the difference, of the most trifling fluctuation in the funds.

In the two former cases, the purchase, is an event, not probably of very frequent recurrence, to the same individual. In either of the two latter, the proceeding is rather a matter of choice than of necessity ; so that, under any circumstances, this occasion would hold out a fair subject of taxation ; and the more so, when it is adverted to, that if the price of a purchase of



stock, were otherwise vested; as in land, or houses, or were lent upon mortgage, or upon bond; in all such instances, the stamp duties would attach. Possibly, upon the first proposal of such a tax, objection might be made to it; but the more its principle is examined, the less solid and substantial, would objections be found; and should its adoption, pave the way for the removal of some other tax, by which, the best interests of the country are materially affected; it cannot be doubted, that the conviction of the expediency of the commutation, would be general.

The proposed measure would, it is true, be something of a tax upon capital, but in so small a degree, as scarcely to be cognizable as such. For instance, upon the vestment of 100*l.* the stamp duty, at the present rate of 2*s.* 6*d.* would be one *eight hundredth* part of the capital, and no more. There are no public statements, from whence it can be inferred, to what extent, such duty might be productive; but with the vast multiplicity, of daily transactions of this nature, it could not but yield to a considerable extent. Should the plan before suggested, of creating an additional stock of *five per cent.* be adopted,

it would operate well in unison with this alteration. With reference also to this idea; it would be the more desirable, that the scale of receipt stamp duties should be revised.—With respect to stamps *upon receipts for dividends on stock*, the proposed measure, would do no more, than place the stockholder on the same footing, with those who derive their incomes, from other sources. Nor does there appear to be any sufficient reason, why payments from the funds, should be protected, from the general rule. The property tax, was made to reach them; and the same principle, would, in this case, merely subject them to a taxation common to all other payments, by rescinding an exemption, which appears to be anomalous. This alteration, would bring with it, none of the detrimental effects, which belong to many branches of taxation. It would militate against no commercial interests; nor could it furnish a pretext, for raising the price of any commodity, to the consumer. The state would have the full advantage of the tax. Corporations, minors, lunatics, absentees, and others, who contribute, but in a small degree, to the general taxation of the country, would be within its operation.

In this, as in the preceding instance, the

pressure of the tax would be so light, as to be scarcely perceptible; and would be felt, still less, from the circumstance, of the deduction of its amount, being blended with the payment of the dividend.

SECT. 4. *Legacy Duty*.—Another duty, which belongs to the revenue of stamps, it is apprehended, might be capable of improvement, namely, that which attaches upon legacies,\*

\* The duty, as regulated by the Act, 55 Geo. III. c. 184, attaches, in respect of every legacy, specific or pecuniary, or of any other description, of the amount or value of 20*l.*, or upwards, given by any will or testamentary instrument of any person, who shall have died after the 5th day of April, 1805, either out of his or her personal or moveable estate, or out of any monies to arise by the sale, mortgage, or other disposition, of his or her real or heritable estate, or any part thereof, and which shall be paid, delivered, retained, satisfied, or discharged, after the 31st of August, 1815; with corresponding provisions, in respect of the residue of property given, or devolving, by will or intestacy—

Where any such legacy, &c. is for the benefit of a child of the deceased, or any descendant of such child, or to or for the benefit of the father or mother, or any lineal ancestor of the deceased, at the rate of 1*l.* per cent.

For the benefit of a brother or sister of the deceased, or any descendant of such brother or sister, at the rate of 3*l.* per cent.

For the benefit of a brother or sister of the father or mother of the deceased, or any descendant of such brother or sister, at the rate of 5*l.* per cent.

For the benefit of a brother or sister of a grandfather or grandmother of the deceased, or any descendant of such brother or sister, at the rate of 6*l.* per cent.

For the benefit of any person, in any other degree of col-

and successions, to moveable or personal estate, upon intestacy.

All personal property, of whatever nature or description, and whether originally personal, or becoming so, as legacies out of monies, to arise by the sale, mortgage, or other disposition of real or heritable estate; is subject to this duty. Nor does the law know of any exemptions, except in favour of a husband or wife, or of any of the royal family, or of certain specific legacies to bodies corporate, which were exempted by the Act, 39 Geo. III. c. 73.

The produce of this duty, in Great Britain, during the ten years preceding the 5th January, 1828,\* amounted, upon an average for each year, to 952,966*l.* (exclusive of fractions).

lateral consanguinity to the deceased, than is above described, or to or for the benefit of any stranger in blood to the deceased, at the rate of 10*l.* per cent.

#### EXEMPTIONS.

Legacies and residues, or shares of residue, of any such estate or effects, as aforesaid, given or devolving to or for the benefit of the husband or wife of the deceased, or to or for the benefit of any of the royal family.

And all legacies which were exempted from duty, by the Act passed in the 39th year of his late Majesty's reign, (c. 73) for exempting certain specific legacies given to bodies corporate, or other public bodies, from the payment of duty.

\* The produce of the duty during those years was as follows :

In the year ending the 5th Jan. 1819.....	£848,405
.. .. .	1820.....
.. .. .	821,313

It cannot, perhaps, be more than a matter of surmise, whether this tax is, or is not, as productive, as it ought to be. In fact, however, it has appeared, in the course of legal proceedings, that a practice has prevailed, of assigning property in trust, for the express purpose of evading the legacy duty; and as every tax, which is proper to be imposed, is also proper to be enforced, and ought to be so to the utmost, of what was fairly intended; the possibility of evasion, ought to be guarded against.

The duty in question, is a tax upon capital. It may be remarked, that during the ten years above mentioned, the average amount of the unredeemed stock in the Government funds, together with the unfunded debt, the value of the Long Annuities, Bank Stock, South Sea, and East India Stocks, may be computed at little short, if at all, of nine hundred millions, partly stock, and partly sterling.

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In the year ending the 5th Jan. 1821.....		£ 851,314
..	..	1822..... 927,147
..	..	1823..... 1,049,127
..	..	1824..... 979,362
..	..	1825..... 1,046,090
..	..	1826..... 1,053,222
..	..	1827..... 920,634
..	..	1828..... 1,033,053

This circumstance, as well as those, of the income of the country, having amounted to 145,000,000*l.*, or at all events, having been sufficient, to produce a property tax, of fourteen millions and a half; and of every species of personal property, as well as, that indirectly arising from realty, being liable; makes this a subject well worthy attention. The provision, which appears to be requisite, is that, which would meet a case, where the enjoyment and control over property, is secured to the possessor during his life; with a beneficial interest, to enure to others, in the event of his decease; without the medium of testamentary disposition.

Such an arrangement is, in principle, though not in form, tantamount to a devise by will, and ought to pay as such. Although, in such instances, the immediate act is induced by feelings of benevolence, towards those who are intended to be benefited; it is difficult, as far as regards the revenue, to find any great moral distinction, between such proceeding, and an evasion of duties by illicit importation, or distillation, or any transaction of the like nature. It is, in either case, an avoidance of the tribute, which belongs to the state. In the

one, the offending parties are amenable to penalties; in the other, the act is not complete, until death has put them beyond the reach of exchequer process. In the one, the smuggling is immediate; in the other, it is posthumous.

Far be it from the legislature to adopt any measure, tending to damp the effusions of affection, founded in parental feeling, or ties of consanguinity; or even, to disturb the stream of unqualified bounty, where, there is no such immediate cause. If there be an inclination to give, during life, let it be free and unrestrained; nor let it be visited by taxation. But if the tax is not to attach, let it be in cases only of absolute, unqualified gift, where *no power of revocation* is reserved.\*

If the produce of the legacy tax be rendered less productive than it ought to be, by proceedings of the nature alluded to, the effect must be, that those who contribute fairly to the revenue, must be called upon, in a greater ratio, than they would otherwise be. The state owes

\* Dr. Markham, the late archbishop of York, some time previous to his decease, assembled his grandchildren, to the number of forty, and presented them each with 1000*l.* stock. This was an absolute unqualified gift. And such it would not be proposed to tax.

it to the community, to be sparing in imposing taxes, but to be rigid in the enforcement of them. Possibly, the readiest mode of preventing the practices in question, would be to treat the deeds of transfer, in such cases, so far as regards the stamp duty, as wills; and to pass a declaratory law to that effect.



## CHAPTER IV.

SECTION 1. *Observations as to some of the Assessed Taxes, and Suggestions connected therewith*  
 —SECT. 2. *Observations as to the Duty upon Armorial Bearings*—SECT. 3. *Conclusion.*

SECT. 1. *Observations as to some of the Assessed Taxes, and Suggestions connected therewith.*—The preceding suggestions, having been made, under the idea that the financial condition of the country may be improved; and that advantage may be derived, from commuting a small portion of the present sources of revenue, for some others; it only remains to add a very few observations, with reference to the latter proposition.

Assuming, that it may not be intended, under a continuance of peace, to extend taxation; but that the deficiencies as to the Sinking Fund, and Dead Weight, may be otherwise provided for; assuming also, that additional means would be the result of the arrangements proposed; the

next consideration would be, as to the relief of taxation, in lieu of the contemplated increase. As whatever would be added, would principally arise from *direct* taxation, it would be equitable, that taxes of the like nature, should be selected, for any reduction, or remission, which might be expedient.

Indirect taxation, or taxation upon commodities, necessarily involves particular commercial interests; wherefore, the minutest movement, in respect of such taxation, never fails to be scrutinized, and examined, in every possible point of view. The persons more immediately concerned, usually act in concert; and their interests are guarded, with a vigilance, which defends them to the utmost, and puts forth every effort and exertion, wherever such interests are threatened, or endangered. In the case of direct taxation, it is otherwise; the effect is spread over a larger portion of the community; and being less sensibly felt by individuals, there is not the same inducement to exertion. The consequence is, that in the former case, if taxation be misapplied, the struggle for relief is strenuous and incessant; whereas, in the latter, if any error in taxation be committed, the voice

of complaint, or remonstrance, is comparatively feeble. It does not, however, necessarily follow, that, because a tax may be easy of collection, and productive; and because it does not appear to create uneasiness; that it must be a politic tax, or, that it may not have injurious consequences. The detriment to those, upon whom such taxes may immediately attach, is of infinitely less moment, than the detriment to the country at large. With respect to the former, the tax may be unpalatable; it may create a pause, on the threshold of prudence; it may occasion some indulgence to be foregone. But as a national consideration, the discouragement to the employment of the population, the limitation of the diffusion of wealth, the obstruction of the stream of industry, are matters of unqualified importance. And it should always be kept in view, that although the immediate impost may be levelled at the rich; effects which cannot be controlled, may be more widely expanded, and that a weapon, which was intended to pass over the heads of the secondary classes, may be splintered, so as to affect them in all directions.

With reference to these latter observations,

the branch of taxation, wherein, relief would appear to be founded in the best and soundest policy, would be with respect to the *assessed taxes*.—In speaking of these taxes, they are not to be classed indiscriminately. Some of them, have little, or no collateral injurious tendency ; whilst there are others, by the consequences of which, the best interests of the country, cannot but be greatly obstructed, and prejudiced. Neither, has this branch of taxation, the recommendation of economy. The necessity of great vigilance, and general supervision swell the expense ; so as to render it less proportionably productive, than any of the greater branches of inland revenue, that of the Post Office excepted.

The taxes in question, have probably been imposed under the exigency of the occasion, as promising to be productive ; rather, than from a conviction of their general expediency, founded upon a full consideration, of their ulterior, as well, as their primary effects.

The taxes upon houses, and windows, were introduced by the 6th Geo. III. c. 38. The taxes upon horses, and carriages, were introduced by the 23rd Geo. III. c. 66 ; those upon servants,

by the 25th Geo. III. c. 43; and what may be termed, the minor assessed taxes, *viz.* those upon dogs, armorial bearings, &c. by subsequent acts. The rate of these respective taxes, was from time to time increased; and lastly, the rate of most of them, was again reduced, by the 4th Geo. IV. c. 11.—Of these taxes, that upon houses, is, in principle, a fair and equitable tax; inasmuch, as the description of house, which a man inhabits, is, generally speaking, a good criterion of his ability to pay.—The window tax, seems to be founded upon the same idea, as the house tax. It is, however, far less unobjectionable in its consequences. The desire to avoid this tax, causes, in many instances, great discomfort and inconvenience, particularly with regard to ancient houses, which are of a date previous to the existence of the tax. Nor are the circumstances, of its unwholesome tendency by the obstruction of air, or its restriction upon architecture, wholly to be forgotten, as disadvantages belonging to this tax. As this tax is so nearly allied in principle, to the house tax, possibly the two might well be consolidated, as a *house* tax only, at such rate as might be necessary. Thus the number of accounts, would be reduced;

the collection simplified; the necessity for supervision considerably lessened; and a saving of expenditure effected; whilst, the removal of restraint upon the enjoyment of property; and the annihilation of an unpopular tax, would go hand in hand with economy.\*—With respect to the taxes upon servants, carriages, and horses, the first view would be in their favour, upon the presumption of their attaching only, where there is ability to pay. But, however true this may be, it is undeniable, that their collateral tendency, whether operating powerfully, or in a trifling degree, is directly the reverse of good policy.

It is vain to insist, that the burthen of these taxes is so small, as compared to other expenses, incidental to the subjects of taxation, that it would not be likely to weigh in the formation of an establishment. Daily experience shews it to be otherwise, and that the circumstance of a liability to taxation, often and often, turns the scale; more particularly, with reference to temporary additions. Temporary additions, lead to

\* In making this alteration, it would be necessary not to lose sight of the exemptions and modifications in the window tax, and to regulate the house tax accordingly.

permanent increase. It frequently happens, that that which is adopted, and intended for an occasion, is found convenient, becomes habitual, and is regarded as indispensable. If the consideration of these taxes, does thus operate, it operates injuriously to the public at large; and to the state. There is no need to particularize, upon these points. It is superfluous to remark, that the employment of population, the encouragement of trade and commerce, are of momentous import; that the greater the demand for servants, the more extended the business, of the artizan, the mechanic, the tradesman; the more general the consumption of agricultural produce; the greater the diffusion of wealth, and the more solid and progressive the condition of the country.—That the taxes in question are hostile to good policy, in these respects, will scarcely admit of a doubt; and that this observation, is not wholly theoretical, those who know Ireland, and have had an opportunity, of witnessing the effect of the discontinuance of the assessed taxes, in that part of the empire, can fully testify.—It is not necessary to examine, whether the consideration of the liability to a tax, ought or ought not, to weigh, it is enough, if in fact it does so.

And whether or not, the cause ought in reason to be sufficient, if it actually has an effect, it is a ground for endeavouring to correct the evil.

A commutation, whereby, the revenue might not suffer in the result ; and the taxes upon servants, carriages, and horses, might be relinquished, would be highly beneficial. Nor, could it be imputed to the proposed arrangement, that the upper ranks alone would benefit by it. The effect would be general. Added to which, the contributors to the taxes, as they stand at present, would be the principal contributors, to those to be substituted. The other assessed taxes, do not appear to involve any injurious consequences ; nor with the exception of that, upon armorial bearings, do they call for any further observation.\*

## SECT. 2. *Observations as to the Duty upon*

\* If the house and window tax were consolidated, and the taxes upon horses, carriages, and servants, done away, the collection of the remainder of the assessed taxes would come within very narrow compass ; and it might be worth consideration, whether the business of that department, might not be transferred partly to the excise, in lieu of the duties which have been made over to the customs ; and partly to the stamp office, by which the cost at which the establishment of the tax office is maintained (which amounted in the year ending the 5th January, 1828, to 296,715*l.* 19*s.* 11½*d.*) might be essentially reduced.



*Armorial Bearings.*—The exigencies of the state, must be supplied. It matters not, what the form and shape of taxation is; provided, the burthen, presses in the proper direction; gives no unnecessary vexation; and is not attended, with any collateral mischief. Unless any other tax, can be pointed out, equally free from objection, and of equally general operation; and which, may be better adapted to the purpose; it should seem, that in order to facilitate the relief proposed, the tax upon armorial bearings, might be made the subject of particular attention, and improved into greater productiveness.

The object is, to correct the vicious operation of taxation, before pointed out. The tax in question, is not selected, as having any peculiar merit; but as having no demerit; and, as that upon the list, which would be most likely, to answer the purposes of the revenue, without the infringement, of any principle of national policy.

This tax attaches upon the upper ranks exclusively; and, upon the upper ranks generally, There are scarcely any persons of that class, who do not, in some way or other, make them-

selves liable to it. It draws with it no vexation. Its consequences, neither retard the commercial, or the agricultural interests; they are scarcely perceptible; beyond the party immediately affected. These are strong recommendations, and probably, it is only its very limited produce, which has made this tax of so little importance. The net amount of this tax, for Great Britain, in the year ending the 5th January, 1828, was 50,292*l.* 10*s.*, a sum, very far short of what might be expected.

Exclusive of all other persons of the upper ranks, it should seem, that if there were no other contributors, than the members of the different professions, who are likely to be liable; the above-mentioned sum, might well be looked for.\*

\* There are, upwards of 5700 commissioned officers in the navy; and a still greater number in the army. There cannot be less, than 10,000 of the clergy. According to Camden, the number of parishes in England amounted to 9284; and according to Chamberlayne, division has increased them to 9913; wherefore, the above is probably within the number of the clergy. The numbers, in the different branches of the law in England, viz. barristers, solicitors, and attornies, exceed 8000, There are numerous bodies of medical, and mercantile persons, of a condition which would bring them within the reach of the tax. There are also, professional persons of all descriptions in Scotland. Almost all of whom might be looked to, as contributors.

Another test which may be adverted to, as affording an inference, as to the insufficiency of the payment, is that which arises, with reference to the amount of the other taxes. Although, there may be many instances to the contrary, it is probable, that in general, persons who are assessable, for carriages, horses, or servants, are also, liable to the duty upon armorial bearings. During the year ending the 5th January, 1828,\* the net produce of the duty upon servants, amounted to 272,434*l.* 7*s.* 8*d.*; of that upon carriages, 332,091*l.* 4*s.*; of that upon horses for riding, 341,922*l.* 7*s.* 9*d.*; of that upon other horses and mules, 60,007*l.* 10*s.* 4*d.* Whereas, that upon armorial bearings, as before stated, produced 50,292*l.* 10*s.*, a sum, which cannot be regarded, as bearing any sort of proportion to the produce of the other duties, which might be

\* The duty upon a servant is 1*l.* 4*s.*, or in the case of bachelors, 2*l.* 4*s.*; that upon a carriage with four wheels, is 6*l.*; that upon a carriage with less than four wheels, 3*l.* 5*s.*; for a horse, 1*l.* 8*s.* 9*d.*; there being some variation in the ratio, according to number and circumstances. The duty in respect of armorial bearings, is 2*l.* 8*s.*, where the person is chargeable with duty for any carriage; 1*l.* 4*s.* where the person is not chargeable for a carriage, but is chargeable to the house or window duty; 12*s.* where the person is not chargeable to either the carriage, window, or house duties.

supposed to attach, upon the same description of person.

Adverting to these circumstances, it must be presumed, that this tax might be rendered infinitely more effective. The liability is purely voluntary, wherefore there is the less reason to permit any evasion; and indeed, upon every ground, the tax should either not exist, or it should be fully enforced.

One reason, why this tax may not have been so productive as it ought to have been, is, that it attaches in respect of the preceding, instead of the current year. This greatly enhances the difficulty of proof, in the case of non-payment; and leaves the revenue, very much at the mercy, of those who are liable to pay—whereas, if the tax had reference to the current year, its evasion would be doubly hazardous. By this alteration, together with a publication of the names of persons paying the tax, as is done, with regard to game certificates, the collection, might be nearly reduced to a certainty; and, it is anticipated, that a very important increase of the revenue, under this head, would be the consequence.

Should the relief suggested, in respect of certain of the assessed taxes, be thought ex-

pedient; the rate in this instance, might fairly be increased, as part of the commutation. The rate of duty might be varied, (as is partly the case at present) by the circumstance of keeping carriage, horse, or servant; but without reference to the number, of carriages, horses, or servants. This would evince to the community, that wherever taxation can be directed to the upper classes, and its effects, confined to those classes, there is no disinclination to adopt that course.\*

SECT. 3. *Conclusion.*—It only remains to observe, that the taxes which have been pointed out, as militating against good policy, are not of very considerable extent; having, in Great Britain, barely exceeded a million in amount, during the year, ending the 5th January, 1828,† a sum, which,

\* Possibly some reference to rank might be introduced, with respect to the ratio of the rate. There are feelings connected with these distinctions, which would produce a ready acquiescence in this idea. But no great revenue advantage would be derived from this regulation.

† Duty upon Servants.....	£272,434	7	8
Carriages.....	332,091	4	0
Riding Horses.....	341,922	7	9
Other Horses and Mules. . .	60,007	10	4
	<hr/>		
	£1,006,455	9	9
	<hr/>		

if the taxes in question were remitted altogether, it would require, no very great improvement in the revenue, to replace.—Should the coal duty,\* some branches of the excise in Ireland,† the receipt stamp duty,‡ the legacy duty,§ and the armorial bearing duty, || be rendered fully productive; their increased amount, together with the diminution of expense, which would be consequent, upon the doing away of the relinquished taxes, would go very far, towards making good the deficiency. Such a measure, would give an impetus to trade and commerce, which would be universally and sensibly felt; and which, perhaps, no other arrangement could produce. Immediately, or circuitously, all classes would experience the benefit. Personal comfort, and convenience, would be greatly promoted; the boon would be estimated, even beyond its intrinsic worth; and the best public interests of the country, would be invigorated and advanced.

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These few observations will now be concluded, by mentioning, that they were princi-

\* See *ante* page 43.

§ See *ante* page 57.

† See *ante* pages 49, 50.

|| See *ante* page 70.

‡ See *ante* pages 50, 53.

pally occasioned, by the language of despondency upon the subject of finance, which was widely echoed, but a short time back. A strong impression, that there was no sufficient ground, for the gloomy apprehensions which prevailed, led to this inquiry.—The result, is, upon the whole, highly satisfactory. The finances, it may be seen, are neither in a condition, on the one hand, to justify unnecessary expenditure; or on the other, to call for indiscriminate, and unmeasured retrenchment. Improvement is in salutary progress. It requires to be watched, and aided; but not, to be forced.

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There is the further satisfaction of knowing, that the helm is in illustrious hands, to which the country looks, with unbounded confidence. In those hands, no measure of good and wholesome economy will be neglected; no abuses will be suffered; but, no injustice, will be conceded. For this confidence, there is the assurance, that in the acceptance of office, there were no private ends to gratify; there was no personal aggrandizement to effect. The utmost measure of ambition, was already full. Nor could there

be any inducement, to undertake the thankless task, other, than a high sense of patriotic duty; and a feeling of gratitude, towards a sovereign, and a country, who had evinced their sense of merits and services, such as, perhaps, were never rendered, by any other individual.

*June 18, 1828.*













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